Appl. No. : 09/805,959 Confirmation No. 3694

Applicant : Paul R. Sprehe

Filed : March 14, 2001

TC/A.U. : 3628

Examiner : Timothy M. Harbeck

Docket No. : 126470-1002

Customer No. : 32914

CERTIFICATE OF MAILING
(37 CFR 1.8a)

I hereby certify that this paper (along with any paper referred to as being attached or enclosed) is being deposited with the United States Postal Service on the date shown below with sufficient postage as first class mail and in an envelope addressed to: Mail Stop Amendment, Commissioner for Patents, Alexandria, VA 22313-1450.

Kelly Breeze

Kelly Breeze
(Signature of person mailing paper)

Date: February 9, 2006

Mail Stop Amendment
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

DECLARATION UNDER 37 C.F.R. 1.131

Sir:

The undersigned Applicant in the above-identified patent application declares that:

I am the inventor of the subject matter disclosed and claimed in the above-identified patent application.

I conceived the invention disclosed and claimed in the above-identified patent application in the United States prior to December 29, 2000, the effective date of U.S. Patent 6,671,585 to Lof et al.

The processes disclosed and claimed in the above-identified application, as set forth in the claims originally filed in the application and as now presented, were conceived by me prior to December 29, 2000, as evidenced by the document attached to this Declaration as Exhibit A.

In particular, the diagrams shown on pages 1, 2, 4 and 9 of Exhibit A correspond to Figures 2, 4, 5 and 3, respectively, of the drawings of the above-identified patent application and show the steps set forth in the claims now presented.

I prepared the document of Exhibit A prior to December 29, 2000.

I contacted the patent agent of record in the above-identified patent application prior to December 29, 2000, and requested that a patent application be prepared for the invention described in and set forth in the claims of the above-identified patent application.

I instructed the patent agent of record in the above-identified patent application to prepare the application prior to December 29, 2000, and I reviewed drafts of the application over a period of two months prior to executing a final version of the application on March 10, 2001 and I constructively reduced the invention to practice on March 14, 2001.

I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code, and that such willful false statements may jeopardize the validity of the application or any patent issuing thereon.

Date: January 24, 2006

Paul Robert Sprehe

Paul Robert Sprehe

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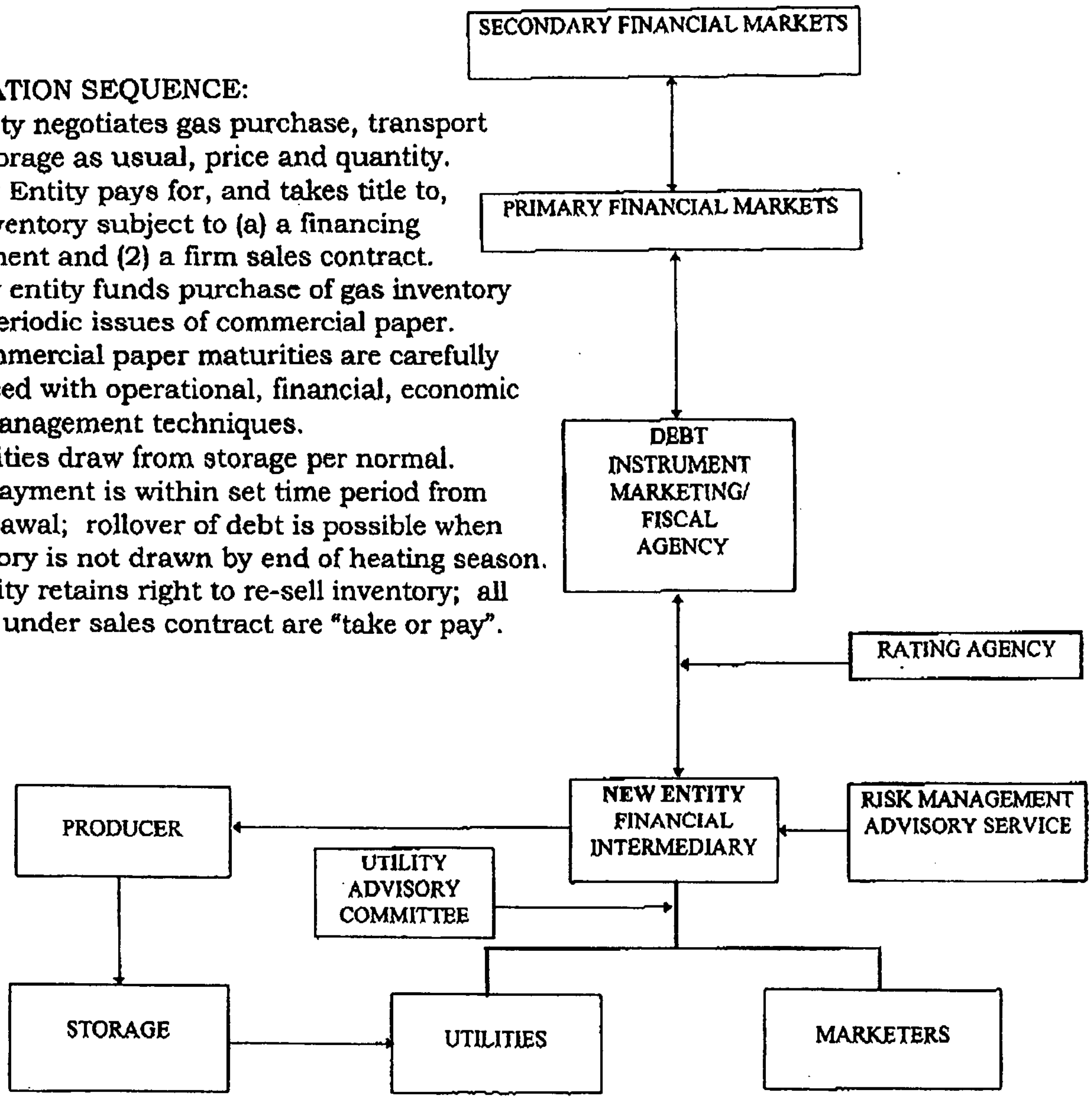
NEW FINANCIAL ENTITY
FINANCING WORKING GAS STORAGE INVENTORY WITH VERY HIGH QUALITY COMMERCIAL PAPER ISSUES

OBJECTIVES: (1) INCREASE INDUSTRY LIQUIDITY
(2) INCREASE CAPITAL EFFICIENCY OF INDIVIDUAL COMPANY
(3) ENSURE PEAK WINTER MARKET DELIVERABILITY

OPERATION SEQUENCE:
1. Utility negotiates gas purchase, transport and storage as usual, price and quantity.
2. New Entity pays for, and takes title to, gas inventory subject to (a) a financing agreement and (2) a firm sales contract.
3. New entity funds purchase of gas inventory with periodic issues of commercial paper.
4. Commercial paper maturities are carefully balanced with operational, financial, economic risk management techniques.
5. Utilities draw from storage per normal.
6. Repayment is within set time period from withdrawal; rollover of debt is possible when inventory is not drawn by end of heating season.
7. Utility retains right to re-sell inventory; all prices under sales contract are "take or pay".



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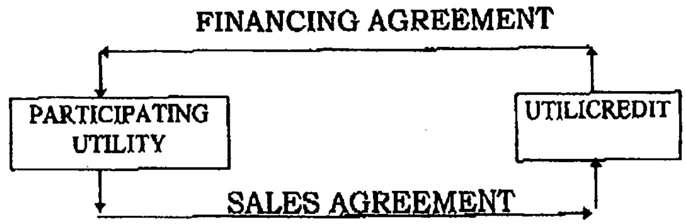
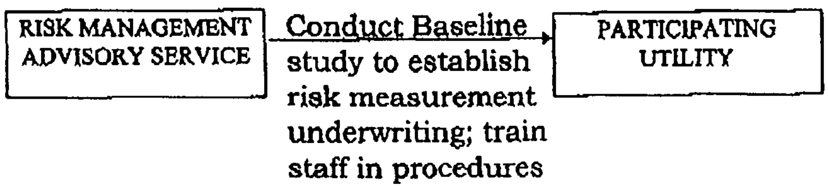
Business Flow Processes

The first step in the Liquidity Line process will be the signing of the Financing Agreement and the Sales Contract, either as 2 documents or as 1 combined.

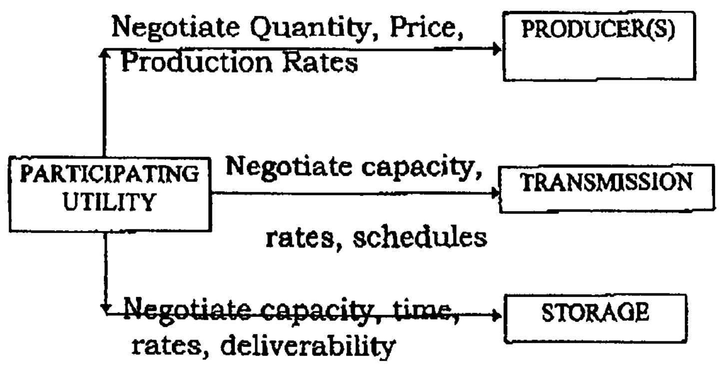
Step 1



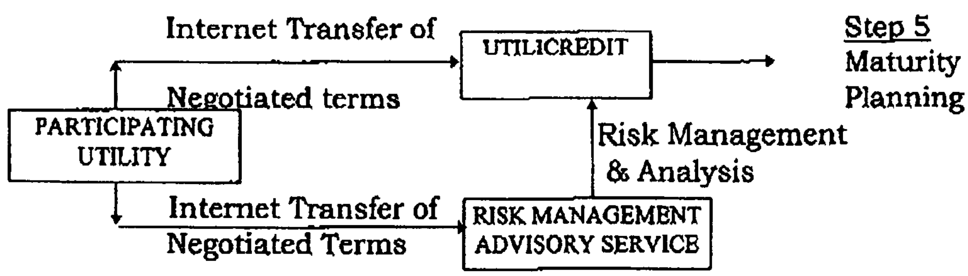
Step 2



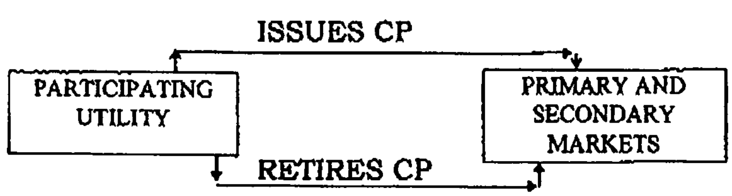
Step 3



Step 4



Step 6



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NATURAL GAS FLOW PROCESSES PHYSICAL TRACKING AND BALANCING ISSUE AND MATURITY SCHEDULES

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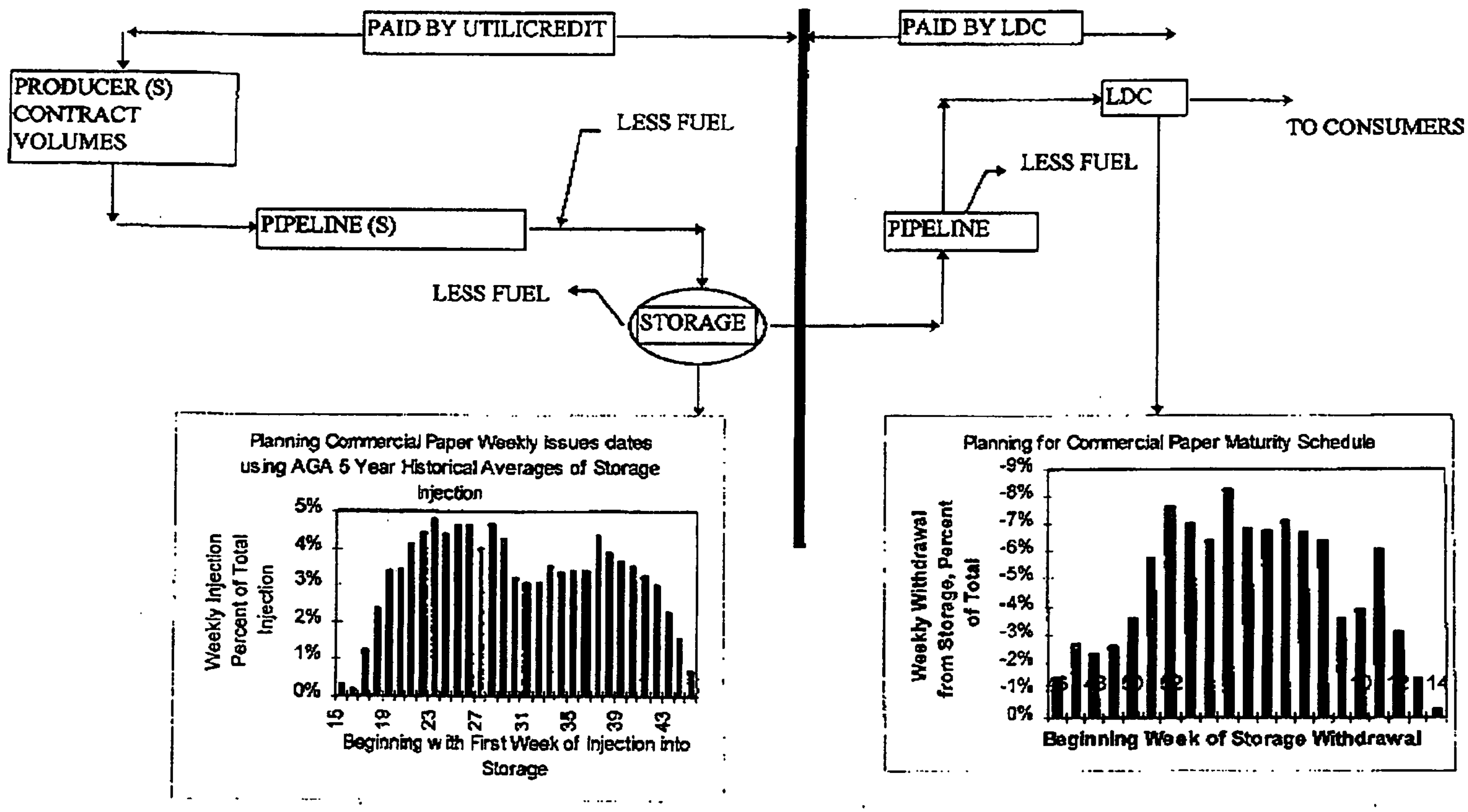
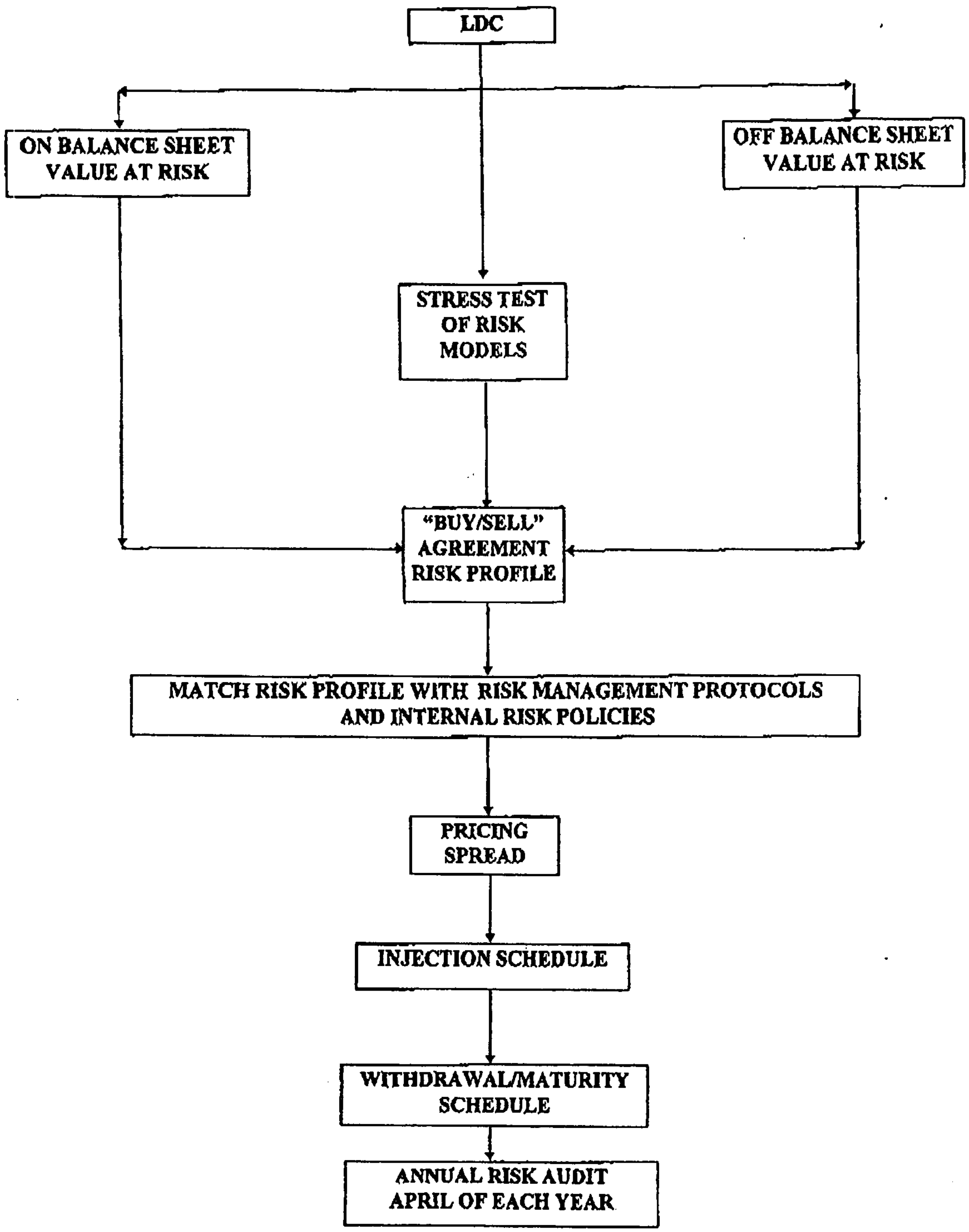


<u>**RISK MANAGEMENT BUSINESS ANALYSIS FLOW PROCESSES**</u>



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Risk Management Advisory Service

We have developed this product idea through our existing risk management services activities. It is our plan to offer the risk management services needed to support the Liquidity Line. Among those risk under management would be:

(1) interest rate risk;
(2) default risk;
(3) maturity risk;
(4) storage injection and deliverability risk;
(5) gas measurement risk (and audit);
(6) physical loss risk (during transmission and while in storage);
(7) business conditions risk;
(8) economic risk;
(9) price and weather hedge risks;
(10) credit market risks.

On Balance Sheet Value At Risk

Interest Rate Risk

There will be no interest rate risk. The base interest rate to which a spread is added will be a variable rate calculated by averaging the cost of the cumulative issues outstanding (assumed to be issued on a set day, weekly basis, e.g., on each Friday morning). What will be different will be the spread charged to each utility. Each utility will be separately underwritten; but the essence of the differential rate will be their bond rating, e.g., AA/Aa, A, BBB/Baa,etc.

Default Risk

The rating agencies have performed historical studies on the default risk of investment grade securities. From this analysis will come the default risk calculation. In risk analysis models this has been referred to as the default-mode model. For example, using the binomial theorem the probability of a default in any one year may be calculated, and the size of that default, hence the size of any price hedge that may be appropriate to offset this probability. These kinds of calculations will quantify the default value at risk in the portfolio at all times.

Off Balance Sheet Value At Risk

Maturity Risk

One of the principle sources of potential profit erosion will be in matching the timing of cash repayment of the utilities with the timing of the maturity schedule of the commercial paper, as to both volumes and price of the CP maturing and the price of the pre-planned maturity. This erosion of profits would normally occur when early repayment from the utilities had to be reinvested in very short term fed funds (or equivalent), pending maturity of outstanding CP. This will inevitably happen constantly throughout the repayment cycle; but the objective is to minimize the time cash has to be held before retiring outstanding issues. Deferred repayments from utilities can be handled by the rollover of maturing issues for short periods of time. A secondary market will also be used to avoid profit erosion.

Storage Injection and Deliverability Risk
Commercial paper maturity schedules will be adopted early in the storage injection cycle. These maturity schedules will assume certain levels of storage deliverability, during the withdrawal season. The status of the storage reservoir's ability to reach engineered performance capability will be continuously monitored to maximize Utilicredit's profitability. A "risk score" will be placed on each storage reservoir each year.

Gas Measurement Risk
While the utility will be responsible for payment for the quantities contracted, it will be necessary that the movement of the natural gas be tracked, and audited, as to accuracy of volumes along the passage way to, into and from storage.

Physical Loss Risk
The risk manager will ensure proper insurance coverage's and loss payable clauses for the natural gas while in transit to storage and while in underground storage reservoirs.

"Stress Test" of the Risk Model

Business Conditions Risk
The multi-state risk model takes into consideration more than just the historical probability of default. This is more of a dynamic model, taking into consideration the likelihood of a deterioration of the LDC in ability to pay. For example, the same rating agencies have determined that 5.3 % of those firms rated BBB declined to BB in one year. This dynamic analysis will be maintained by the risk management advisory service so that the portfolio may be pro-actively managed and the profit margins protected. A principal early warning indicator will be the tracking, and grading, of an aging of accounts receivable by zip code.

Economic Risk
The territories served by each participating utility will be modeled for natural gas demand sensitivity to changes in natural gas price levels as that price level change might impact household incomes, SIC categorized commercial and industrial profits. These households and firms will be surveyed quarterly.

Price and Weather Hedge Risk
While Utilicredit will own the natural gas, in the event of a default and non-payment, re-sale of the natural gas will be the responsibility of Utilicredit. A price hedge, based on the probability of default, may be appropriate after the actual details of the portfolio of holdings are analyzed. Similarly, when the actual portfolio of participants, and the standard deviations of their typical withdrawal patterns are analyzed, a weather hedge may be purchased.

Credit Market Risks

The risk manager will have the credit markets under daily scrutiny for changes in the markets appetite for risk, and liquidity, through a network of market reporting mechanisms from public and private sources, domestic and international.

Commercial Paper Rating

The CP will be collateralized by:

(1) a security interest in the stored natural gas in the event of a default;
(2) by the overcapitalized equity position of the issuing corporation;
(3) by the binding sales agreement of the LDCs on whose behalf the natural gas was purchased, and
(4) by the risk management methodology of the financing structure.

These risk management measures are expected to result in a AAA CP rating, but not less than a AA rating.

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INTEREST SPREAD WILL BE BASED RISK RATINGS

FIVE CATEGORIES OF RISK, OR INTEREST SPREAD

CATEGORY I CATEGORY II CATEGORY III CATEGORY IV CATEGORY V	the basic spread will be set depending upon the level of interest rates on the commercial paper issued by Utilicredit, i.e., 5%, 5.5%, 6.0%, etc. increments will be added to the basic spread to adjust for risk as determined below

FIVE (5) RISK FACTORS WILL DETERMINE THE "SCORE" OR CATEGORY:

20 % On Balance Sheet Value at Risk-probability of a default on $ amount, given the existing portfolio of participating LDCs---$MILLIONS

30 % Off Balance Sheet Value at Risk- no of days during the withdrawal season (November 1-March 31) that the historical temperature for a day exceeds 2 standard deviations---%

20 % Business Conditions Model-weighting of accounts receivable exposure to loss divided by the reserve for loss on the LDC's balance sheet <30 days = 0 ; 30-60 days = 20 % ; 60-90 days = 50 %; >90 days = 100 % write off, divided by the LDC reserve for losses---- %

20 % Storage Deliverability-year over year decline in deliverability measured by xxxMMcf/day rate divided by the log mean average of the peak deliverability and lowest deliverability for a Withdrawal season, yyyMMcf/day----%

10 % Producer Productive Capacity—Contract quantity divided by the production rate, equals a no. of days, divided by the storage fill season of 214 days---%

Each of these factors weigh on the ability of Utilicredit to retire its commercial paper as it matures, and earn its targeted return.

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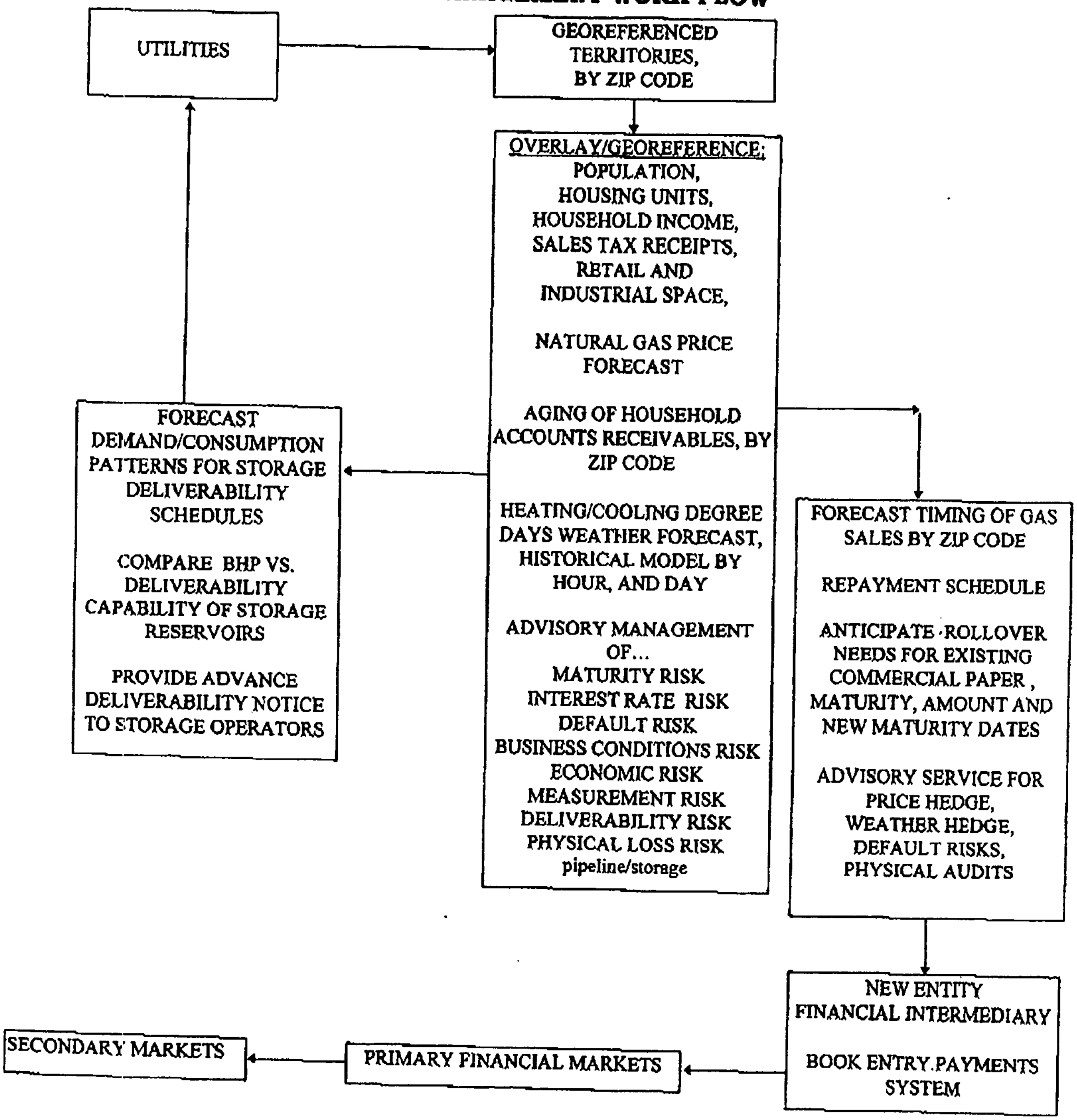
RISK MANAGEMENT ADVISORY SERVICE
RISK MANAGEMENT WORK FLOW



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Utilicredit

Six Scenarios of a Pro Forma Income Statement, Market Valuation, and Return on Investment

		Year 1	Year 2	Year 3	Year 4 1/	
A/D/B/ Bcf		960	1,953	1,953	1,953	
Projected Price $/Mcf		$5.07	$3.30	$3.30	$3.30	
$ A/D/B outstanding		$4,867,200,000	$6,444,900,000	$6,444,900,000	$6,444,900,000	
Funded by Equity, $		$150,000,000	$150,000,000	$150,000,000	$150,000,000	
by CP, $		$4,867,199,995	$6,444,899,997	$6,444,899,997	$6,444,899,997	
Base CP Rate		0.0650	0.0650	0.0650	0.0650	CP rate at 6.5 %
Spread		0.0073	0.0093	0.0093	0.0093	spread reflects 66 bp + 7 bp for maturity differences
Revenue, CP		$35,530,560	$59,937,570	$59,937,570	$59,937,570	going to additional 20 bp for AAA rating in year 2
Revenue, Equity		$10,845,000	$11,145,000	$11,145,000	$11,145,000	
Total Revenue		$46,375,560	$71,082,570	$71,082,570	$71,082,570	
Opex @ .0010 of A/D/B		$4,867,200	$6,444,900	$6,444,900	$6,444,900	
NBT		$41,508,360	$64,637,670	$64,637,670	$64,637,670	
Tax @ 38 %		$15,773,177	$24,562,315	$24,562,315	$24,562,315	
NAT		$25,735,183	$40,075,355	$40,075,355	$40,075,355	
10% NPI to Risk Manager		$2,573,518	$4,007,536	$4,007,536	$4,007,536	
NAT to Utilicredit		$23,161,665	$36,067,820	$36,067,820	$36,067,820	
Original Investment	$150,000,000					
1/	begin funding cushion gas, not included here					
	take company public for incremental equity needed					
Projected Market Multiple at IPO					15	
Projected Market Value-$					$541,017,298	
Future Cash Flow		$23,161,665	$36,067,820	$36,067,820	$577,085,117	
Net Present Value (NPV)	$149,229,365.04					
ROI	52%					
		$23,161,665	$36,067,820	$36,067,820	$288,542,559	
Sell 50% of Investment, NPV	$150,828,125.72					
ROI	31.50%					
		$23,161,665	$36,067,820	$36,067,820	$384,723,412	1/3rd ownership to Risk Manager (R/M)
NPV for 2/3rds Ownership	$150,013,728.20					$50 MM of Original $150 MM investment, pd by R/M
ROI	39.5%					